

Message Text

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TAGS: EAIR, ETRN, EEW, UR, US

SUBJ: AMBASSADOR'S MEETING WITH MINISTER OF CIVIL AVIATION

REF: A) STATE 147389; B) MOSCOW 8592

1. SUMMARY. AMBASSADOR'S JUNE 25 MEETING WITH USSR MINISTER OF CIVIL AVIATION B.P. BUGAYEV PROVIDED USEFUL OPPORTUNITY TO REVIEW STATE OF PLAY IN CIVIL AVIATION AREA AND RELATED FIELDS. TIMING OF MEETING WAS QUITE FELICITOUS, COMING IMMEDIATELY AFTER RETURN TO MOSCOW OF SOVIET TRANS-POLAR FLIGHT, AND ATMOSPHERE OF TALK WAS MOST CORIDAL. BUGAYEV MADEWBQDCIAL POINT OF EXPRESSING APPRECIATION FOR PRESIDENT FORD'S RECEPTION OF SOVIET CREW, AS WELL AS FOR OTHER ARRANGEMENTS MADE BY U.S. IN CONNECTION WITH FLIGHT. DISCUSSION OF PENDING ATC CONTRACT ADDED LITTLE TO WHAT WE ALREADY KNEW BUT INDICATED THAT DECISION NOT RPT NOT IMMINENT. ONLY NEGATIVE POINT REAISED BY BUGAYEV CONCERNED ALLEGED LEGAL HARASSMENT OF AEROFLOT IN NEW YORK OVER ILLEGAL TICKET SALES. END SUMMARY.

2. PANAM-AEROFLOT DISCUSSION. BUGAYEV SEEMED LARGELY UNCONCERNED WITH CURRENT DISCUSSIONS BETWEEN PANAM AND AEROFLOT IN NEW YORK. AFTER BRIEF SIDE CONSULTATION WITH NEWLY-APPOINTED DEPUTY MINISTER (AND FOREIGN RELATIONS DEPARTMENT CHIEF) S.S. PAVLOV, HE SAID SOVIET WOULD TAKE LOOK AT SITUATION AFTER
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TEAM RETURNED FROM NEW YORK. BUGAYEV DID NOT PRESS ON MATTER OF

FREQUENCIES AND DID NOT RAISE QUESTION ON TIMING FOR GOVERNMENT-LEVEL CIVIL AIR NEGOTIATIONS. WITH REFERENCE TO SUBSTANCE OF UPCOMING NEGOTIATIONS, BUGAYEV FOLLOWED FAMILIAR SOVIET LINE BY STRESSING ALLEGED INTEREST OF PANAM IN OBTAINING TRANS-SIBERIAN ROUTE. AMBASSADOR NOTED IN THIS CONNECTION THAT ECONOMICS OF SUCH SERVICE, FROM PANAM'S POINT OF VIEW, WOULD HAVE TO BE EXAMINED CAREFULLY.

3. AEROFLOT LEGAL PROBLEMS. ONLY MATTER RAISED BY BUGAYEV CONCERNED LEGAL PROBLEMS WHICH AEROFLOT APPARENTLY HAVING IN NEW YORK OVER ILLEGAL

TICKET SALES. BYGAYEV NOTED THAT IN PAST AEROFLOT HAD PAID FINES WHEN ACCUSED OF SUCH ACTS. NOW, HOWEVER, COURT PROCEEDINGS WERE THREATENED AGAINST AEROFLOT, AND HE NOTED THAT AEROFLOT'S NEW YORK REP HAS TO SPEND A GOOD DEAL OF TIME IN COURT ON VARIOUS PRETEXTS. BUGAYEV THEN POINTED OUT THAT PANAM WAS NOT GUILTYLESS IN THIS MATTER AND ADVISED THAT HE HAD EVIDENCE THAT PANAM HAD ENGAGED IN SAME PRACTICES IN MOSCOW FOR WHICH AEROFLOT WAS BEING PROSECUTED IN NEW YORK. HE TOLD THE AMBASSADOR THAT HE HAD NOT USED THIS MATERIAL AND HOPED THAT HE WOULD NOT BE OBLIGED TO DO SO, SINCE THIS WOULD HAVE BAD IMPACT ON US-SOVIET RELATIONS IN GENERAL AND IN CIVIL AVIATION AREA IN PARTICULAR. BUGAYEV MADE NO ATTEMPT TO DENY THAT AEROFLOT HAD ENGAGED IN ILLEGAL PRACTICES BUT RATHER SUGGESTED THAT SUCH ILLEGALITIES WERE IN FACT STANDARD BEHAVIOR IN TICKET SALES AREA. AMBASSADOR SAID HE HAD UNDERSTOOD THAT THESE PROBLEMS HAD BEEN RESOLVED BUT AGREED TO LOOK INTO THE MATTER. (COMMENT: WE HAD BEEN UNDER IMPRESSION THAT SITUATION REGARDING AEROFLOT'S ACTIVITIES IN NEW YORK HAD IMPROVED AND THAT ILLEGAL TICKET SALES HAD BEEN STOPPED. WHILE WE HAVE NO WAY OF KNOWING EXACTLY WHAT SORT OF INCRIMINATING MATERIAL BUGAYEV MAY HAVE ON PANAM'S MOSCOW OPERATIONS, WE DOUBT THAT IT COULD BE AS SERIOUS AS WHAT AEROFLOT WAS PREVIOUSLY DOING IN U.S. AT SAME TIME, WE AGREE WITH BUGAYEV THAT IT WOULD BE BETTER TO AVOID SHOUTING MATCH ON ILLEGAL TICKET SALES. WE WOULD APPRECIATE STATUS REPORT FROM DEPARTMENT ON CURRENT STATE OF PLAY ON THIS ISSUE IN NEW YORK. END COMMENT).

4. AIR TRAFFIC CONTROL. AMBASSADOR MADE BRIEF PRESENTATION ON ATC ISSUE ALONG LINES SUGGESTED REFTEL B AND GAVE BUGAYEV BOOKLET
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PROVIDED BY SPERRY-UNIVAC ON ARTS-III SYSTEM. HE COMPLAINED, HOWEVER, THAT UNIVAC WAS OFFERING SOVIETS "FIRST GENERATION" SYSTEM WHILE OTHERS (HE MENTIONED THOMSON-CSF AND STANSAAB) WERE OFFERING MORE ADVANCED SYSTEMS. INTERESTINGLY, HE POINTED OUT THAT STANSAAB SYSTEM WAS BASED ON U.S. TECHNOLOGY AND EQUIPMENT. IN CONCLUSION, BUGAYEV SAID THAT AS SOON AS SOVIET TEAM CURRENTLY OUT OF THE COUNTRY (LOCATION NOT SPECIFIED) RETURNED TO MOSCOW, MINISTRY WULD REVIEW ENTIRE

ATC QUESTION. RESPONDING TO POINTS MADE BY BUGAYEV, COMMATT NOTED THAT WHILE UNIVAC ARTS-III HAD BEEN INTRODUCED SEVERAL YEARS AGO IN U.S., IT HAD BEEN CONTINUALLY UP-DATED AND SYSTEM WHICH SOVIETS WERE BEING OFFERED WAS LATEST MODEL AVAILABLE. HE ALSO POINTED OUT THAT SYSTEM OFFERED BY STANSAAB WAS ESSENTIALLY A LAB-ORATORY MODEL WHICH HAD NEVER BEEN USED UNDER OPERATING CONDITIONS. (COMMENT: ON BASIS BUGAYEV'S REMARKS, IT WOULD APPEAR THAT DECISION ON ATC CONTRACT IS STILL SOME TIME AWAY. IF MINISTRY DOES IN FACT INITIATE DETAILED REVIEW OF BIDDING, THIS PROCESS IS UNLIKELY TO BE COMPLETED BEFORE THE FALL. BUGAYEV INDICATED THAT HE EXPECTED TO ACCOMPANY CPSU GENERAL SECRETARY BREZHNEV ON LATTER'S VISIT TO U.S. LATER THIS YEAR, AND THIS MIGHT PROVIDE GOOD OPPORTUNITY TO DO SOME MORE WORK ON BUGAYEV ON BEHALF OF U.S. SYSTEM. END COMMENT).

5. WIDE-BODIED AIRCRAFT. AMBASSADOR ASKED WHETHER THERE HAD BEEN ANY DEVELOPMENTS IN NEGOTIATIONS WITH BOEING, MCDONNELL-DOUGLAS AND LOCKHEED ON POSSIBLE PURCHASE OF U.S. WIDE-BODIED JETS. IN REPLY, BUGAYEV MADE INTERESTING COMMENT "I BUY FROM DEMENT'YEV," I.E. MINISTRY OF AVIATION INDUSTRY. HE WENT ON, HOWEVER, TO EXPRESS INTEREST IN POSSIBILITY OF ACQUIRING U.S. AIRCRAFT (BOEING IS CLEARLY HIS FAVORITE) PROVIDED ARRANGEMENTS CAN BE MADE FOR "COMPLEX SOLUTION", I.E. BUILDING AVIATION PLANT IN USSR. HE NOTED THAT SOVIETS HAD GIVEN BOEING LIST OF 21 POINTS WHICH COMPANY SHOULD SEEK TO SATISFY IN CONNECTION WITH AIRCRAFT/TECHNOLOGY SALE, BUT BOEING HAD BEEN ABLE TO SATISFY SOVIET REQUIREMENTS ON ONLY FIVE POINTS, AND NOT FIVE MOST IMPORTANT POINTS, AT THAT. BUGAYEV SHOWED SOME RECEPTIVITY TO AMBASSADOR'S SUGGESTION THAT IN VIEW SENSITIVITY OF AVIATION INDUSTRY, IT MIGHT BE BETTER TO BEGIN WITH AIRCRAFT PURCHASE, PLUS SEVERAL TECHNOLOGICAL PROCESSES, WITH HOPE OF MOVING LATER TO OTHER FORMS OF CO-OPERATION. HOWEVER, HE REPEATED HIS PREVIOUS REMARK THAT CENTER

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OF ACTION ON SOVIET SIDE WAS MINISTRY OF AVIATION INDUSTRY.

6. NEW AIRPORT. BUGAYEV CONFIRMED THAT SOVIETS WERE EXAMINING PROPOSALS FOR U.S. (LOUIS BERGER), FRENCH AND JAPANESE FIRMS ON CONSTRUCTION OF NEW MOSCOW AIRPORT. HOWEVER, HE INDICATED THAT DURING NEWXT FEW YEARS MINISTRY WOULD BE CONCENTRATING ON RECONSTRUCTION AND EXPANSION OF EXISTING FACILITIES AT SHERMET'YEVO.

STOESSEL

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